

Glossary of Terms - Credit History, Credit Report & Credit Score

Agency	Term	Definition
FHA & VA	CAIVRs	Credit Alert Verification Reporting System is a Federal government-wide repository of information on those individuals with delinquent or defaulted Federal debt, and those for whom a payment of an insurance claim or guarantee loss claim has occurred.
FHA	Charge-Off Account	Refers to a Borrower's loan or debt that has been written off by the creditor.
FHA	Deed-in-Lieu (DIL) of Foreclosure	A Loss Mitigation Home Disposition Option in which a Borrower voluntarily offers the deed as collateral Property to HUD in exchange for a release from all obligations under the Mortgage.
FHA	Default	A Mortgage is in Default when the Borrower fails to make any payment or to perform any other obligation under the Mortgage for a period of 30 Days.
FHA	Delinquent	A mortgage account is Delinquent any time a payment is due and not paid.
FHA	Disputed Derogatory Credit	Refers to disputed charge off accounts, disputed collection accounts, and disputed accounts with late payments in the last 24 months.
FHA	Economic Event	Refers to any occurrence beyond the Borrower's control that results in loss of employment, loss of income, or a combination of both, which causes a reduction in the Borrower's household income of 20 percent or more for a period of at least six months.
FHA	Equivalent System	A system equivalent to the Credit Alert Verification Reporting System (CAIVRS) provided by HUD that Fairway may use to obtain information on delinquent Federal Debts from public records, credit reports or other sources.
FHA	Excluded Parties	Refer to business parties that have been suspended and/or debarred from further participation in HUD and other federal government programs due to unethical business practice.
FHA & VA	Federal Debt	Refers to debt owed to the federal government for which regular payments are being made.
FHA & VA	Federal Tax Debt	Refers to tax debt owed to the federal government for which regular payments are required.

Agency	Term	Definition
FHA	Forbearance Plans	Arrangements between Fairway and Borrower that may allow for a period of reduced or suspended payments and may provide specific terms for repayment.
FHA	Imminent Default	Defined as a Borrower who is current or less than 30 Days past due on their Mortgage Payment and is experiencing a significant, documented reduction in income or some other hardship that will prevent them from making the next required Mortgage Payment during the month that it is due.
FHA	Judgment	Refers to any debt or monetary liability of the Borrower, and the Borrower's spouse in a community property state unless excluded by state law, created by a court, or other adjudicating body.
FHA	Lien Waiver	A document that releases a consumer (homeowner) from any further obligation for payment of a debt once it has been paid in full. Lien Waivers typically are used by homeowners who hire a contractor to provide work and materials to prevent any subcontractors or suppliers of materials from filing a lien against the homeowner for nonpayment.
FHA	Loan Modification	A permanent change in one or more terms of a Borrower's Mortgage.
FHA	Minimum Decision Credit Score (MDCS)	Refers to the credit score reported on the Borrower's credit report when all reported scores are the same. Where three differing scores are reported, the middle score is the MDCS. Where two differing scores are reported, the MDCS is the lowest score. Where only one score is reported, that score is the MDCS.
FHA & VA	Non-Traditional Mortgage Credit Report (NTMCR)	A type of credit report designed to access the credit history of a Borrower without the types of trade references normally appearing on a traditional credit report. It is used as a substitute for the traditional credit report.
FHA & VA	Pre-Foreclosure Sale/Short Sale	Refers to the sales of real estate that generate proceeds that are less than the amount owed on the Property and the lien holders agree to release their liens and forgive the deficiency balance on the real estate.
FHA	Recovery from an Economic Event	Refers to the re-establishment of Satisfactory Credit.
FHA & VA	Residential Mortgage Credit Report (RMCR)	Refers to a credit report that provides details on items that have been flagged in a merged report as a result of combining reports from the three credit repositories (Equifax, Trans Union, and Experian).

Agency	Term	Definition
FHA & VA	Tri-Merged Credit Report (TRMCR)	Refers to a credit report that contains the data from all three credit repositories into one report.
Conventional	Balances-to-Limits Ratio	The relationship between the outstanding balance(s) on an individual's revolving deb(s) to the total credit limit allowed for the revolving debt(s)
Conventional	Bankruptcy	A legal proceeding in federal court in which a debtor seeks to restructure his or her obligations to creditors pursuant to the Bankruptcy Code. This generally affects the borrower's personal liability for a mortgage debt, but not the lien securing the mortgage
Conventional	Consumer Reporting Agency (or bureau)	An organization that is engaged in the preparation of reports that are used by credit grantors to determine the credit and public records history of an individual. The agency obtains data for these reports from repositories of accumulated credit records as well as from other sources.
Conventional	Credit Score	A numerical value that ranks an individual according to his or her credit risk at a given point in time, as derived from a statistical evaluation of information in the individual's credit file that has been proven to be predictive of loan performance. When this term is used by Fannie Mae, it is referring to the classic FICO score developed by Fair Isaac Corporation.
Conventional	Deed in Lieu of Foreclosure (or deed-in-lieu)	A transfer of title from a delinquent borrower to the lender in satisfaction of the mortgage debt to avoid foreclosure; also called a voluntary conveyance
Conventional	Default	The failure to make a mortgage payment or to otherwise comply with one or more covenants of the mortgage
Conventional	FICO	Credit score; the classic FICO credit score developed by Fair Isaac Corporation.
Conventional	Forbearance	Willingness to refrain, in full or in part, from pursuing remedies against a delinquent borrower for a period of time (specified or unspecified), but without modification of the loan terms. See also modification.
Conventional	Foreclosure	The legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to the mortgage debt
Conventional	In-File Credit Report	An objective account, normally computer-generated, of credit and public record information obtained from a credit repository.

Agency	Term	Definition
Conventional	Residential Mortgage Credit Report	A detailed account of the credit, employment, and residence history (as well as public records information) of an individual
USDA	Bankrupt	<p>A person, firm or corporation who, through a court proceeding, is relieved from the payment of all debts after the surrender of all assets to a court appointed trustee, for the protection of creditors. Bankruptcy may be declared under one of several chapters of the Federal bankruptcy code:</p> <ul style="list-style-type: none"> • Chapter 7, which covers individual or business bankruptcy liquidation; • Chapter 11, which covers reorganization of bankrupt businesses; • Chapter 12, which covers certain farm bankruptcies; and • Chapter 13, which covers workouts of debts by individuals in which a debtor retains possession of property while making payments to creditors under a court- approved plan
USDA	Bankruptcy Discharge	Legal petition releasing the debtor from all dischargeable debts.
USDA	Bankruptcy Dismissal	Legal order as a result of a motion filed by either the debtor or another interested party seeking to dismiss the bankruptcy case
USDA	CAIVRS ("Credit Alert Verification Reporting System")	CAIVRS is a HUD-maintained online information system that enables both government and participating lenders to learn when a potential borrower has previously defaulted on a federally-assisted loan.
USDA	Certificate of Foreclosure	(Connecticut Only) A document found on the land records which is evidence that a foreclosure has been completed and the mortgagee now owns the property
USDA	Charge Off	To treat as a loss; to designate as an expense an amount originally recorded as an asset.
USDA	Collateral Estoppel	Prior judgment from a lawsuit between parties on a different cause of action that bars re-litigation of those matters in a subsequent lawsuit.
USDA	Committee of Sale	(Connecticut Only) An attorney appointed by the Court to conduct the auction of the mortgaged property in a foreclosure action.

Agency	Term	Definition
USDA	Common Law	As distinguished from law created by legislatures (statutory law), the common law is that law which is founded in ancient customs and practices as interpreted by the Courts.
USDA	Confirmation Hearing (bankruptcy)	A hearing where the Debtors proposed Chapter 13 plan is reviewed and either approved or denied by the Bankruptcy Judge.
USDA	Confirmation Hearing (foreclosure)	A hearing where the Sheriff's Sale is confirmed and title is transferred to the successful bidder from the sale.
USDA	Confirmation of Bankruptcy Plan	A Bankruptcy Court order which approves a debtor's plan to pay the debts owed to his/her/their creditors as of the date of the filing of the bankruptcy petition. In some jurisdictions, Confirmation may be referred to as "Ratification."
USDA	Counterclaim	A claim presented in a pending lawsuit by a defendant against plaintiff in opposition to, or deduction from, plaintiff's claim
USDA	Cram Down	The effect of certain provisions of the Bankruptcy code which allow the debtor to avoid the unsecured portion of an under-secured claim when the under-secured claim is not secured solely by the debtor's principal residence. Also known as lien stripping.
USDA	Credit Repository or Credit Bureau	An institution that for a fee provides historical credit records of individuals provided to them by creditors subscribing to their services.
USDA	Credit Score	A credit score is an overall numerical rating, developed from an individual's credit profile including information on payment history, amounts owed, length of credit history, new credit, and types of credit used, that indicates the likelihood that a borrower will repay future obligations. Scores are weighted and range from approximately 365 to 840. Low scores reflect a "high risk", while higher scores reflect a "lower risk". See also "FICO."
USDA	Credit Waiver	A consideration of mitigating circumstances to establish the intent for good credit. See Chapter 5 , 10 , and 11 of 7CFR3555
USDA	Cross-Claim	A claim in a pending lawsuit by a defendant against another defendant.

Agency	Term	Definition
USDA	Deed-in-Lieu	A deed-in lieu of foreclosure. A voluntary transfer of title on a defaulted mortgage by deed from the borrower to the lender as an alternative to foreclosure. By arrangement between the parties, the lender saves the expense of foreclosure and the borrower generally expects to receive credit for payment of the debt in full.
USDA	Default	A breach or nonperformance of the terms of a note or the covenants of a mortgage
USDA	Default Judgment	Judgment entered in a lawsuit when a defendant has failed to enter a plea or otherwise defend himself
USDA	Deficiency Judgment	A court order to pay the balance owed on a loan if the proceeds from the sale of the security are insufficient to pay off the loan.
USDA	Delinquency	Failure to make timely payments under a loan agreement. Freddie Mac glossary: Delinquency occurs when all or part of the borrower's monthly installment of principal, interest and, where applicable, escrow is unpaid after the due date. If the due date is the first day of the month, the mortgage is thirty days delinquent when all or part of one or more payment(s) remain unpaid as of the close of business on the last business day of the month. If the due date is not the first day of the month (from the second through the thirty-first day of the month), the mortgage is thirty days delinquent when all or part of one or more payment(s) remain unpaid 30 or more calendar days as of close of business on the last business day of the month
USDA	Dismissal with Prejudice	In the bankruptcy court, a court order dismissing the bankruptcy case with an order prohibiting the debtor from filing another bankruptcy until the expiration of some specified time. In a non-bankruptcy matter, the dismissal of an action without the right to raise those issues again.
USDA	Docket	A list of cases and their status on a court's calendar.
USDA	Eviction Action	A court action to obtain possession of premises by the person entitled to actual possession. Also may be known as forcible entry and detainer.
USDA	False Information	Information that the recipient knew was incorrect or should have known was incorrect that was provided or omitted for the purposes of obtaining assistance for which the recipient was not eligible
USDA	FICO Score	A credit scoring model developed by Fair Isaac and Company, Inc. See, also, "credit score."

Agency	Term	Definition
USDA	First Legal Action	The date of first action required by law to initiate foreclosure. See, also, foreclosure initiation. Action varies by State.
USDA	Forbearance	The act of refraining from taking legal action despite the fact that a mortgage is in arrears. It is usually granted only when a mortgagor makes a satisfactory arrangement by which the arrears will be paid at a later date.
USDA	Forcible Entry and Detainer (FED)	A court action to obtain possession of premises by the person entitled to actual possession (also may be known as an eviction action).
USDA	Foreclosure	A legal procedure in which a mortgaged property is sold to pay the outstanding debt in case of default.
USDA	Foreclosure Initiation	The date of the first legal action required by law to initiate foreclosure. Action varies by State.
USDA	Foreclosure Sale	A forced sale of mortgaged property at public auction conducted either by the court or in some other prescribed fashion, with the proceeds of the sale going to satisfy the debt. The lender is usually the successful bidder at the foreclosure sale.
USDA	Fraud	A deception deliberately practiced in order to secure unfair or unlawful gain.
USDA	Inaccurate Information	Incorrect information inadvertently provided, used, or omitted without intent to obtain benefits for which the applicant was not eligible.
USDA	Judgment	Final determination by a court of the rights and claims of the parties to an action.
USDA	Judicial Foreclosure	Type of foreclosure proceeding used in some states that is handled as a civil lawsuit and conducted entirely under the auspices of a court.
USDA	Law Day	(Connecticut Only) The last day for the mortgagor or other junior lien holder to redeem the foreclosing mortgagee's debt. If all the law days assigned pass without redemption, the foreclosing mortgagee will own the property and will record a certificate of foreclosure
USDA	Liquidation	Liquidation of the loan occurs when the Lender acquires title to the security, a third party buys the property at the foreclosure sale, or the borrower sells the property to a third party in order to avoid or cure a default situation with the prior approval of the Lender and RHS. In States providing a redemption period, the Lender does not typically acquire title until after expiration of the redemption period.

Agency	Term	Definition
USDA	Lis Pendens	A notice filed on public record for the purposes of notifying all persons that a certain property is under litigation
USDA	Litigation	A legal action or process
USDA	Loan Modification	A written agreement that permanently changes an original note term, such as the interest rate, monthly payment, and/or the principal balance due to capitalization of interest or advances.
USDA	Long Arm Statutes	Laws that permit courts to acquire personal jurisdiction over non-residents by virtue of activity within the state
USDA	Loss Mitigation	A lender's efforts with a borrower to work out a delinquency or resolve a defaulted loan to maximize recovery and avoid foreclosure. May include extension of loan terms, forbearance, moratorium, modification, refinancing, short sale or deed-in-lieu.
USDA	Mortgage Recovery Advance	<p>A mortgage recovery advance is funds advanced by the Lender on behalf of a borrower to satisfy the borrower's arrearage, pay legal fees and foreclosure costs related to a cancelled foreclosure action, and reduce principal. Upon request, RHS will reimburse the Lender for eligible mortgage recovery advances. The maximum mortgage recovery advance consists of the sum of:</p> <ul style="list-style-type: none"> (i) arrearages not to exceed 12 months of principal, interest, taxes, and insurance; (ii) legal fees and foreclosure costs related to a cancelled foreclosure action; and (iii) principal reduction. <p>The maximum mortgage recovery advance is 30 percent of the unpaid principal balance as of the date of default.</p>
USDA	Motion Requesting Relief From Stay	A pleading filed in a bankruptcy case wherein the creditor requests that its collateral be removed from the automatic stay imposed by the bankruptcy filing.
USDA	Motion to Dismiss	A pleading which requests that the case be dismissed prior to the trial.
USDA	Motion to Strike	Request by either party for the court to order stricken from any pleading any insufficient defense, or any redundant, immaterial, impertinent or scandalous matter.

Agency	Term	Definition
USDA	Negligent Misrepresentation	Negligent misrepresentation is a failure of consideration which prevents a valid contract from ever being formed.
USDA	Non-Judicial Foreclosure	A foreclosure which does not involve filing an action in a state court. A typical procedure involves notice to the interested parties (either by personal service or an alternate method such as publication) and sale of the property. The Court provides no overview of the process unless petitioned by the mortgagor
USDA	Personal Liability	A situation in which an individual's personal assets can be reached to satisfy his or her debt
USDA	Petition/Complaint	A formal written request filed with the court requesting that something specific be done.
USDA	Plaintiff	A person or entity filing a lawsuit.
USDA	Pleadings	The formal allegations by the parties of their respective claims and defenses as presented to the court for a ruling.
USDA	Pre-Foreclosure Sale	A procedure in which the borrower is allowed to sell his or her property in which the investor and borrower agree to accept the proceeds of the sale to satisfy a defaulted mortgage, even though this may be less than the amount owed on the mortgage, in order to avoid foreclosing on the property. See also "short sale
USDA	Proof of Claim	An official signed statement filed in bankruptcy court by a creditor which sets forth the amount the debtor owed the creditor as of the date the bankruptcy was filed
USDA	Redeem	The act of paying off a mortgage debt during a foreclosure suit so as to rid the property of that encumbrance.
USDA	Reinstatement	The curing of all defaults by a borrower; the restoration of a loan to current status through payment of all amounts past due including reasonable fees and costs incurred as a result of a default on a loan.
USDA	Relief From Automatic Stay	A legal action permitting a lender to resume action to collect on the debt. See "automatic stay"
USDA	Sheriff's Sale	The public auction at which the property being foreclosed is offered for sale.

Agency	Term	Definition
USDA	Short Sale	A type of voluntary liquidation (also referred to as a pre-foreclosure sale or short payoff) where a borrower and the lender who holds the mortgage on the property agree to sell the property at fair market value, but for less than the current outstanding debt (including any missing payments, late fees, penalties, and advances for taxes and the like).
USDA	Soldiers and Sailors Civil Relief Act of 1940	With certain exceptions, this act prohibits foreclosure of property owned by those in military service. See OGC Compilation of Laws
USDA	Statutory Law	Law created by legislative enactment
USDA	Statute of Limitations	State law identifying the time limit within which a lawsuit can be brought under law.
USDA	Stay	An order of the court whereby some action is forbidden until some event occurs or until the court lifts its order.
USDA	Strict Foreclosure	A type of foreclosure proceeding used in some States in which title to the foreclosed property is invested directly in the mortgagee by court decree, without holding a foreclosure sale.
USDA	Summary Judgment	A judgment obtained upon motion by any party on a claim, counterclaim or cross claim when there is no genuine issue of material fact that would prevail as a matter of law. The motion may be directed toward all or part of the claim or defense and may be made on the basis of the pleadings or other portions of the record in the case or it may be supported by affidavit and a variety of outside material.
USDA	Summons	A notice to a party in a law suit requiring said party to appear in court or have a judgment rendered against him for failing to do so.
USDA	Three Repository Merged Credit Report (TRMCR)	Reports from three selected repositories, for example, Equifax, Experian and Trans Union, are pulled to form a merged report. There is no duplication on the merged report. Every inquiry and public record contained in any of the selected repositories will appear only once on the merged report.
USDA	Uniform Consumer Credit (U-CCC)	A guide that States may or may not use to further simplify the understanding of all aspects of credit and credit transactions

Agency	Term	Definition
USDA	Writ of Assistance	A court order directed to the sheriff (or other local official) ordering him to "assist" a party to a pending lawsuit (such as a bank in an eviction action) in obtaining the relief previously granted to the party by the court. An example would be a sheriff assisting a foreclosure sale purchaser in taking possession of the property after foreclosure.
USDA	Writ of Execution	An order of the court in which a party is granted authority to seize assets of the defendant to satisfy its judgment
USDA	Workout Agreement	A plan to correct a delinquent or defaulted mortgage. See also "forbearance", "loss mitigation.